



MACROECONOMIC DETERMINANTS OF STOCK MARKET RETURNS IN MALAYSIA:  
EVIDENCE FROM FTSE KLCI

NUR SYUHADAH BINTI ROSLI

2017683698

BACHELOR OF BUSINESS ADMINISTRATION

WITH HONOURS (FINANCE)

FACULTY OF BUSINESS AND MANAGEMENT

UNIVERSITI TEKNOLOGI MARA (MELAKA)

CITY CAMPUS

JULY 2019

**DECLARATION OF ORIGINAL WORK**



**BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS (FINANCE)**

**FACULTY OF BUSINESS AND MANAGEMENT**

**UNIVERSITY TEKNOLOGI MARA**

**“DECLARATION OF ORIGINAL WORK”**

I, NUR SYUHADAH BINTI ROSLI, (I/C Number: 951108-04-5192)

Hereby, declare that:

- This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or other degree.
- This project-paper (“this study”) is the result of my independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: \_\_\_\_\_ Date: 5<sup>th</sup> July 2019

## LETTER OF SUBMISSION

July 2019

The Head of Programme

Bachelor of Business Administration (Honours) Finance

Faculty of Business and Management

Universiti Teknologi MARA

110, Off Jalan Hang Tuah

75300 Melaka

Dear Sir/Madam,

### **SUBMISSION OF INDUSTRIAL TRAINING PROJECT PAPER (FIN 672)**

Hereby, enclosed the project-paper ("the study") titled "**MACROECONOMIC DETERMINANTS OF STOCK MARKET RETURNS IN MALAYSIA: EVIDENCE FROM FTSE KLCI**" to fulfil the requirement précised by the Faculty of Business and Management, Universiti Teknologi MARA.

Thank you,

Yours sincerely,

---

**NUR SYUHADAH BINTI ROSLI**

2017683698

Bachelor of Business Administration with Honours (Finance)

## TABLE OF CONTENTS

CONTENTS	PAGE
ACKNOWLEDGEMENT.....	iv
LIST OF TABLES .....	vi
LITS OF FIGURE .....	vii
LIST OF ABBREVIATION.....	viii
ABSTRACT.....	ix
CHAPTER 1: RESEARCH OVERVIEW .....	1
1. Introduction.....	1
1.1 Research Background .....	1
1.1.1 Malaysia Economy Background .....	1
1.1.2 Malaysia Stock Market Background .....	3
1.2 Problem Statement.....	5
1.3 Research Objectives .....	7
1.4 Research Questions .....	7
1.5 Significant of Study .....	8
1.5.1 Fund Managers and Retail Investors.....	8
1.5.2 Policy Makers.....	8
1.5.3 Financial Economists .....	9
1.6 Scope of The Study .....	9
1.7 Limitations of The Study .....	9
1.7.1 Time Constraint.....	9
1.7.2 Data Collection.....	10
1.7.3 Sources of Information .....	10

# **MACROECONOMIC DETERMINANTS OF STOCK MARKET RETURNS IN MALAYSIA: EVIDENCE OF FTSE KLCI**

## **ABSTRACT**

The study has been conducted to determine whether the macroeconomic variables give impact towards stock market returns in Malaysia from 2007 to 2018 which contains quarterly data set of 47 observation. The trend for FTSE KLCI has been fluctuated since Global Financial Crisis 2008. The primary objective of this research is to investigate the relationship between macroeconomic variables which are interest rate (INT), inflation rate (INF), exchange rate (EXC) , Gross Domestic Product (GDP) and crude oil price (COP) towards stock market returns. The study employed Unit Root Test, Multiple Linear Regression, descriptive analysis, diagnostic test and multicollinearity test. In conclusion, according to the result that use normal logarithm to convert all the raw data form, by using multiple regression method it reveals that INT, EXC, COP and GDP have significant relationship with the stock market return in Malaysia.